Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

CONFIDENTIAL

PAGE 01 BONN 18401 01 OF 02 211906Z

44
ACTION EUR-25

INFO OCT-01 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00 EB-11

INR-10 NSAE-00 RSC-01 FAA-00 DOTE-00 INT-08 SCEM-02

SCI-06 PM-07 H-03 L-03 NSC-10 PA-04 PRS-01 SPC-03

SS-20 USIA-15 DRC-01 /140 W
---------- 071944
R 211849Z DEC 73
FM AMEMBASSY BONN
TO SECSTATE WASHDC 9452
INFO USMISSION BERLIN
AMEMBASSY LONDON
AMEMBASSY PARIS

C O N F I D E N T I A L SECTION 01 OF 02 BONN 18401

E. O. 11652: GDS
TAGS: ETRN, GW, WB, UK, FR, US
SUBJECT: CIVAIR - BERLIN AIR SERVICES DEVELOPMENTS

REF: (A) STATE 243147, (B) STATE 238356, (C) BONN 17541

1. SUMMARY. THIS MESSAGE REPORTS (A) THE CURRENT STATUS OF THE PAN AM/BEA APPLICATION FOR AN INCREASE IN BERLIN AIR FARES, WHICH AWAITS A REVISED PAN AM PROPOSAL, (B) STEPS WHICH HAVE BEEN TAKEN TOWARDS ASSURING ADEQUATE FUEL SUPPLIES FOR THE IGS AND (C) AN APPLICATION BY PAN AM FOR ALTERATIONS TO ITS WINTER SCHEDULES WHICH IT BELIEVES WILL MAKE IT MORE COMPETITIVE WITH BEA. ACTION REQUESTED: ANY COMMENTS WHICH THE DEPARTMENT MAY WISH TO MAKE ON PAN AM'S PROPOSED SCHEDULE CHANGES. END SUMMARY.

2. FARE INCREASE. PAN AM (RUNNETTE) HAS INFORMED THE EMBASSY THAT HE IS ALMOST CERTAIN TO HAVE THE REVISED PAN AM PROPOSAL IN THE EMBASSY'S HANDS BY DEC. 24.
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BONN 18401 01 OF 02 211906Z

ASSUMING NO PROBLEMS WITH THE FIGURES, CAA'S WILL THEN

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

PREPARE, AS WAS DONE LAST YEAR, A SINGLE PRESENTATION FOR CONSULTATION IN THE BCATAG (BERLIN CIVIL AIR TRANSPORT ADVISORY GROUP) WITH THE GERMANS. IT WILL BE IMPOSSIBLE TO DISCUSS THE FARE INCREASE PROPOSAL IN BCATAG DURING CHRISTMAS, BUT WE WOULD HOPE TO DO SO IMMEDIATELY AFTER THE NEW YEAR. NO PROBLEM IS ANTICIPATED WITH RESPECT TO FRENCH SUPPORT. THE CAA HAS ASSURED US THAT THEY WILL FULLY SUPPORT ANY PROPOSAL AGREED TO BY THE US AND UK CAA'S. HE ADDED THAT THE ONE AIR FRANCE SERVICE ON THE IGS WOULD NOT BE PROFITABLE AT ANY FARE LEVEL; THAT THE FRENCH KEPT IT ON ONLY FOR POLITICAL REASONS AND WOULD THEREFORE BE PLEASED AT ANY INCREASE IN FARE LEVELS. EMBASSY HAS NOW ALSO RECEIVED APPLICATION FROM PAN AM TO INCREASE CARGO RATES ON THE IGS BY 10 PERCENT, THE SAME INCREASE APPLIED FOR IN THE BEA PRESENTATION.

3. IGS FUEL PROBLEMS. BERLIN HAS CONFIRMED THAT THE MISSION IS UNDERTAKING THE TRIPARTITE ECONOMIC STUDY REQUESTED BY THE DEPT (REFTEL A) AND IS ALSO ARRANGING TO OBTAIN ON A PERIODIC BASIS, DATA ON STOCKS OF JET FUEL IN THE HANDS OF BERLIN DISTRIBUTORS. EMBASSY BELIEVES THAT GIVEN THE UNCERTAIN STATUS OF THE FUTURE FUEL SUPPLY SITUATION, WE AND BERLIN, HAVE DONE AND ARE DOING WHAT NEEDS TO BE DONE FOR THE TIME BEING. EMBASSY HAS BEEN ASSURED BY PAN AM AND BY BEA (THROUGH THE UK EMBASSY) THAT WITH THE QUANTITIES OF JET FUEL NOW PROMISED BY THEIR CURRENT SUPPLIERS, NO DIFFICULTIES IN MAINTAINING PRESENT SCHEDULES AND EXTRA HOLIDAY SECTIONS THROUGH JANUARY ARE EXPECTED. THIS SITUATION NEEDS TO BE CLOSELY AND CONTINUALLY WATCHED BUT WE HAVE NO REASON AT PRESENT TO QUESTION THE CARRIER FORECASTS. FOR FEBRUARY AND BEYOND, WE MUST CONSIDER THE POSSIBILITY THAT THE IGS CARRIERS MAY HAVE SHORTFALLS IN SUPPLIES WHICH, AS THE DEPARTMENT HAS POINTED OUT, WE WOULD EXPECT TO BE MADE UP BY THE FRG FROM SOURCES AVAILABLE IN THE FRG. AT THIS TIME WE HAVE NO SPECIFIC UNDERTAKING FROM THE FRG WITH RESPECT TO FUEL NOR CAN WE REASONABLY EXPECT ANY FRG COMMITMENT UNTIL THE IGS CARRIERS FACE A CRITICAL SITUATION OR THE FRG COMES TO CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BONN 18401 01 OF 02 211906Z

A DECISION TO MAKE ALLOCATIONS OF ITS DOMESTIC JET FUEL SUPPLIES, OR BOTH DEVELOPMENTS OCCUR. MEANWHILE THE EMBASSY HAS HAD DISCUSSIONS WITH RESPONSIBLE FRG OFFICIALS, INCLUDING A CONVERSATION BETWEEN THE AMBASSADOR AND FOREIGN OFFICE UNDERSECRETARY FRANK (REFTEL C) AND OTHER TALKS WITH FOREIGN OFFICE AND TRANSPORT MINISTRY REPRESENTATIVES ON THE BERLIN CIVIL AIR TRANSPORT ADVISORY GROUP. WE HAVE THEIR ASSUR-

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

ANCES IN PRINCIPLE THAT, IF THE NECESSITY ARISES, THEY
ARE PREPARED TO TAKE STEPS TO ENSURE THAT THE LEVEL OF
SERVICES ON THE IGS WILL NOT BE SIGNIFICANTLY AFFECTED
BY A SHORTAGE OF JET FUEL. MINISTER OF ECONOMICS
FRIDERICHS HAS ALSO STATED TO A BUNDESTAG BERLIN DEPUTY
THAT, SHOULD RESTRICTIONS ON AIR TRAFFIC DUE TO FUEL
SUPPLIES FINALLY PROVE UNAVOIDABLE, AN ARRANGEMENT CAN

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 BONN 18401 02 OF 02 211907Z

44
ACTION EUR-25

INFO OCT-01 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00 EB-11

INR-10 NSAE-00 RSC-01 FAA-00 DOTE-00 INT-08 SCEM-02

SCI-06 PM-07 H-03 L-03 NSC-10 PA-04 PRS-01 SPC-03

SS-20 USIA-15 DRC-01 /140 W
---------- 071951
R 211849Z DEC 73
FM AMEMBASSY BONN
TO SECSTATE WASHDC 9453
INFO USMISSION BERLIN
AMEMBASSY LONDON
AMEMBASSY PARIS

C O N F I D E N T I A L SECTION 02 OF 02 BONN 18401

BE MADE ACCORDING TO WHICH THE BERLIN TRAFFIC WILL
REMAIN EXEMPTED FROM REDUCTIONS INSOFAR AS POSSIBLE.

4. RATIONALIZATION. NOVEMBER STATISTICS OF IGS
PASSENGER TRAFFIC SHOWED THAT BEA HAD INCREASED ITS
SHARE OF THE MARKET BY ABOUT TWO PERCENT. (60 PERCENT
PAN AM AND 40 PERCENT BEA AS COMPARED WITH 62 PERCENT
PAN AM AND 38 PERCENT BEA IN NOVEMBER 1972 AND OCTOBER
1973) PAN AM HAD TOLD THE EMBASSY THAT THIS POTENTIALLY
UNFAVORABLE TREND WAS THE RESULT OF DISADVANTAGEOUS

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

WINTER SCHEDULING.H ON DECEMBER 17 THE CAA RECEIVED AN APPLICATION FROM PAN AM (BERLIN) FOR THE FOLLOWING CHANGES IN SCHEDULES, TO BE EFFECTIVE JANUARY 7/8:
(A) SIX ROUND TRIP SERVICES, INCLUDING TWO TO HAMBURG, TWO TO HANNOVER, ONE TO DUESSELDORF AND ONE TO NUREMBERG WILL HAVE CHANGED DEPARTURE AND ARRIVAL TIMES IN ORDER TO BE MORE COMPETITIVE WITH BEA, (B) TWO NEW ROUND TRIP SERVICES ARE ADDED, ONE TO HANNOVER AND ONE TO DUESSELDORF. (C) THE INTERNATIONAL DAILY TURN-
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BONN 18401 02 OF 02 211907Z

AROUND SERVICE TO AMSTERDAM, AND THE DAILY SERVICE TO LONDON VIA HAMBURG ARE COMBINED INTO A SINGLE DAILY BERLIN - HAMBURG - AMSTERDAM - LONDON SERVICE.

5. THE PAN AM PROPOSAL HAS BEEN CIRCULATED TO THE BRITISH AND FRENCH CAA'S, BUT WE HAVE NO REACTION AS YET. ONE CONSIDERATION IS WHETHER THE CHANGES WOULD INVOLVE GREATER FUEL CONSUMPTION. ACCORDING TO OUR ROUGH CALCULATIONS AND ACCORDING TO PAN AM THIS IS NOT THE CASE; THE CHANGES FOR PRACTICAL PURPOSES CANCEL OUT ONE ANOTHER. WE BELIEVE THE FRG AND THE BERLIN SENAT WOULD FIND THEM, ON BALANCE, DESIRABLE AND, UNLESS THE DEPARTMENT HAS OTHER VIEWS, THAT THE US CAA SHOULD STATE TO THE BRITISH AND FRENCH OUR POSITION THAT THE CHANGES (A) DO NOT MATERIALLY AFFECT THE IGS, (B) ARE THEREFORE ESSENTIALLY A MATTER FOR MANAGEMENT DECISION AND (C) SHOULD BE APPROVED SOONEST.

6. WITH RESPECT TO ALLIED REACTION, THE FRENCH ARE UNLIKELY TO TAKE MUCH INTEREST IN THE PAN AM PROPOSAL, AND WILL PROBABLY APPROVE WHATEVER THE US AND BRITISH AGREE. THE BRITISH MAY WELL RAISE OBJECTIONS, HOWEVER, ASSERTING THAT THESE CHANGES ARE ALTERATIONS TO WINTER SCHEDULES OF PAN AM AND BEA WHICH WERE TRIPARTITELY AGREED UPON IN CONSULTATION WITH THE FRG AND NOT IN LINE WITH THE "RATIONALIZATION" CONCEPT.

7. COMMENT: EMBASSY HAS NOTED WITH INTEREST THE DIFFERENCE BETWEEN THE GLOOMY PICTURE OF BEA'S SITUATION AS PAINTED BY UK OFFICIALS, AND THE AGGRESSIVELY COMPETITIVE STAND TAKEN RECENTLY BY BEA'S MANAGER FOR GERMANY (CARO). CARO GIVES NO INDICATION IN HIS REMARKS THAT BEA IS IN DIFFICULTIES OR HAS ANY INTENTION OF LEAVING THE IGS. HE MAY, OF COURSE, BE TAKING THIS POSITION FOR TACTICAL REASONS. ON ANOTHER RELATED MATTER, THE BRITISH AMBASSADOR MADE THE UNILATERAL APPROACH TO THE FRG (REFTEL A) ON DECEMBER 20. THE FRG REACTION WAS NON-COMMITTAL. THEY SAID THEY WOULD UNDERTAKE TO STUDY THE MATTER.

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

8. ACTION REQUESTED: THE EMBASSY WOULD APPRECIATE
CONFIDENTIAL

CONFIDENTIAL

KNOWING WHETHER THE DEPARTMENT HAS ANY OBJECTIONS TO PAN AM'S PROPOSED SCHEDULE CHANGES AND TO OUR GIVING THEM FULL SUPPORT.

9. COPIES OF THE FULL PAN AM SCHEDULE CHANGES ARE BEING POUCHED TO EB/OA/AN AND EUR/CE.
HILLENBRAND

CONFIDENTIAL

NNN

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 21 DEC 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973BONN18401
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731211/aaaaaibe.tel
Line Count: 238
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: (A) STATE 243147, (B) STATE 238356,, (C) BONN
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 29 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29-Aug-2001 by martinml>; APPROVED <28-Sep-2001 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIVAIR - BERLIN AIR SERVICES DEVELOPMENTS
TAGS: ETRN, GE, WB, UK, FR, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005